Address of the Honorable Dharmendar Sesungkur,
Minister of Financial Services, Good Governance and Institutional Reforms,

at the 44th Annual General Meeting of the Insurers’ Association of Mauritius, Friday 31st March 2017, Ebene

Members of the Insurers’ Association of Mauritius
Distinguished Guests
Members of the Press
Ladies & Gentlemen

A very good afternoon to all of you.

Thank you for inviting me to the 44th Annual General Meeting of the Insurers’ Association Mauritius. We are here to celebrate 44 years of dedicated service to the insurance community. We are here to celebrate 44 years of collaborative partnership by industry players. I am happy to join you this afternoon to celebrate this milestone event and recognise the contribution of the Insurer’s Association to economic development and to the well-being of our people.

Ladies and gentlemen,

The Association is nearly as old as our sovereignty. Together, we have witnessed the rise of the insurance sector. Indeed, there has been remarkable growth and transformation. The audience this afternoon bears testimony to the industry’s strength and diversity from life to non-life and from pensions to specialty insurers. Despite the long list of successes and accomplishments, we must press on and cannot rest on our laurels. As we look at things from a wider
perspective, aggressive market competition, globalisation of businesses, persistent low interest rate environments, margins under pressure, ensuring retirement security in the context of an ageing population and technological advancements are only a few of a long list of exigencies which are challenging the status quo.

I would wish to share with you this afternoon my thoughts on the priorities of the insurance industry in supporting the next stage of the country’s economic development. First of all, let us take a look at the inevitable force that is and will continue to shape the future of the insurance sector - the Technological Imperative.

Ladies and Gentlemen, the insurance landscape is changing with such velocity that insurers have no choice but to innovate and embrace technology like never before. The Digital Revolution is in full swing.

In this new ecosphere led by connectivity, the new wave is the “Internet to Things” revolution whereby devices such as telematics in cars, fitness gadgets and smartphones are being used by insurers to assess lifestyles and determine tailored insurance premiums. Data being generated by these devices are being used to price risk.

Furthermore, advanced markets are devising appropriate insurance covers for driverless cars. Even if not completely driverless, but certainly assisted driving.

More than ever, risk assessment teams are busy identifying and quantifying new risks. They are incessantly working on new product development to keep pace with the changing face of the world from drones to bitcoins.
So, digital technology is changing every part of the insurance product cycle from product distribution, to pricing and policyholder servicing. It offers both opportunities but also gives rise to dilemmas. The biggest challenge looming ahead is FinTech. FinTech is disrupting finance in many parts of the world. At the same time, FinTech also holds the promise of significant improvements and opportunities. Regulators around the world are endeavouring to stay ahead of the curve by assessing the implications of such technological breakthroughs for rules and supervision.

At the level of my Ministry, we are presently talking to Technology experts to improve leadership capacity. It is the vision of my Ministry to create a Smart Financial Centre, where technology is used extensively in the financial industry to enhance efficiency, create job opportunities, allow for better management of risks, and improve lives.

Against this dynamic digital setting, allow me now to list a few priorities on my Ministry’s agenda going forward.

I am aware of the representations made by the Association for replacement of the current tedious, repetitive, time consuming and expensive KYC process. We are studying various options for the establishment of a centralised repository of KYC information. We hope to soon have an expert on board to spearhead this project. I am confident that once operational, the centralised system will greatly streamline and simplify the process for the entire financial services industry.
Ladies and gentlemen,

It has come to my attention that both the FSC and the Ministry receive grievances from customers of insurance services and products. Solutions, if any, take a lot of time.

During my mandate, I wish to make it a priority to strengthen the consumer protection framework. To that end, I have a number of initiatives on the agenda including the setting up a dedicated Insurance Tribunal in Mauritius. This proposal follows various consultations I have had with stakeholders on the subject. The objective is to offer the public a more accessible, inexpensive, efficient and timely service for settling disputes. I am confident that the proposed Tribunal will assist customers in exercising their rights more effectively.

Ladies and gentlemen,

Still on the subject of consumer protection, we shall soon be presenting before the National Assembly the Ombudsperson (Financial Services) Bill for the establishment of an Office of Ombudsperson for Non-Banking Financial Services to better protect consumers of financial services. The Ombudsperson will have the responsibility of receiving and handling complaints from consumers of financial services. The Ombudsman will be an independent redress mechanism with minimum formality for consumers. I believe that the introduction of this Office will help to uphold principles of fairness, accountability and transparency.
Ladies and gentlemen,

We must always keep the interests of consumers at the centre of change. I have every intention of laying focus on financial education for the more financially-savvy and the less privileged. We are all aware that life assurance and investment products may often be difficult to understand. Many people do not understand what is best suited for their needs. It is thus very important for insurance companies to have in their team, well-trained financial advisers to appropriately guide customers. I have been talking to the Financial Services Commission on the need to offer specialized courses to maintain professional competency in the sector.

I will also ensure that the Financial Services Commission conducts more frequent Consumer Literacy outreach programmes both in Mauritius and Rodrigues using various channels of communication from social media, television, radios, print media and face-to-face coaching. I have a special thought for the younger generation. I often wonder whether they are well aware of the risks of not being insured. The consumer education campaign will cover schools, colleges as well as institutes of higher learning and will raise awareness on the importance of sound financial habits and the need for protection against risks.

Ladies and gentlemen,

Even though it is a world of automation, I do not think robots will replace humans any time in the foreseeable future. After all, the insurance business is a people business, isn’t it! So capacity, competence and the right mindset are crucial. We need to have the right people in place. The insurance industry, the FSC, HRDC and
the Financial Services Institute must work hand in hand to drive the training and skills development needs of the sector.

At the level of the Ministry, we are fully engaged on strengthening the leadership capacity of the Financial Services Commission. I shall be taking up training and skills development as a key priority area with the new headship.

Ladies and gentlemen, I now wish to say a few words on a recurring theme which I raise in most public appearances - Trust. Ultimately, the financial services sector is built on trust. The insurance industry has to be built around people who have the right values and who can inspire trust. It is not just about marketing insurance policies. We are selling to the Mauritian population a promise to be there in good times and bad times. So, we must work hard to enhance customer confidence by stepping up consumer education, by promoting fair and proper disclosure, and by ensuring fair dealings with customers. It is by offering customers honest advice and a good product at a fair price that we shall improve the quality of life of mauritians.

Ladies and gentleman, we have been through two very difficult years with the closure of Bramer Bank and BAI. Government is still endeavouring to find appropriate solutions. I take this opportunity to inform you that as part of broader financial sector reforms, we shall embark on a thorough review of the insurance legislation to bring it in sync with present and future realities and updated with global standards and practices. In this regard, we shall be launching a stakeholder consultation process.
A last point I wish to raise before I conclude is pension and healthcare. Ladies and gentlemen, both issues require our urgent attention. The increase of life expectancy and fall in fertility rate pose many questions such as the ideal retirement age, how Government will cope with social contracts, how the older and younger generations will share the economic pie, how the healthcare system will respond to the needs of those living longer. Policy-makers and industry players need to plan adequately for the changes ahead. I am contemplating setting up a Joint Working Group with the Association, the FSC and my Ministry to find ways of handling looming challenges and would appreciate your views on this thought.

Ladies and gentlemen,

Despite the challenges ahead, I am sure we are destined to a bright future, not only for the insurance sector but also for the country as a whole.

I have no doubt that the Insurers’ Association of Mauritius will continue to put in every effort to remain relevant and effective. On this note, I wish to congratulate the new President of the Insurers’ Association and wish you all an exciting and successful year ahead.

I thank you for your attention.